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FEB 12 1974

The Honorable Alan Cranston
United States Senate

Dear Senator Cranston:



Your November 15, 1973, letter requested, among other things, that we investigate the Postal Service's expenditures for a kitchen for its Board of Governors and furnishings and a private kitchen for the Postmaster General in its new headquarters building (commonly called the West Building). Before we received your request, other Members of Congress asked us for specific information on the costs of furnishing certain areas of the headquarters building and on travel costs incurred by the Postmaster General. In accordance with agreements reached with your office, this report is based on information obtained as a result of our work performed in response to these requests and we did not draw any conclusions or make any recommendations. We shall report separately on the other information you requested.

COST OF FURNISHINGS

The Postal Service will spend about \$48,500 to furnish the Postmaster General's office area and \$130,600 to furnish the official reception, press conference, and Board of Governors' areas. The furnishings are being purchased primarily on a sole-source or negotiated-contract basis because, according to Postal Service officials, there was not sufficient time to solicit competitive bids.

The Postmaster General's office area, on the 10th floor, consists of (1) the Postmaster General's office, which includes a lounge, a lavatory, a conference room, and a pantry, and (2) four administrative staff offices, a reception room, a receptionist's area, and a lavatory. The Postmaster General and 10 other Postal Service employees will occupy these areas.

The Postal Service has spent or will spend about \$48,500 to furnish the Postmaster General's office area. (See enc. I.) These expenses are based on actual purchase order prices or contractor estimates.

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The official reception, press conference, and Board of Governors' areas, on the 11th floor, consist of a lobby area, a large reception area, a conference room, and a kitchen with the capacity to serve 300 people to meet the needs of any activities held in the reception area and the Board of Governors. The reception area will be used to host various business meetings, including meetings with regional postal officials and Postal Service customers.

The Postal Service has spent or will spend about \$130,600 to furnish these areas. (See enc. II.) These expenses also are based on actual purchase order prices or contractor estimates.

Certain additional furniture--including a desk, a table, a credenza, chairs, and paintings--for the Postmaster General's office will be moved from the old headquarters building and therefore represent no additional expense to the Postal Service. All furniture to be used in three of the administrative staff offices will also be moved from the old headquarters building.

METHODS OF PROCUREMENT

The Postal Service used the negotiated-contract method to purchase the furniture, carpeting, carpet installation, and the walnut doors in the Postmaster General's and the Board of Governors' areas. Postal officials stated that these purchases had been negotiated because there was insufficient leadtime for advertising for bids due to the amount of time the interior decorators needed to develop acceptable designs. This situation did not apply to other purchases, such as draperies and kitchen equipment, for which the Postal Service used competitive bidding. The Postal Service, at the time of our review, had not purchased the lavatory fixtures.

The interior-design package the Postal Service accepted was the result of a coordinated effort between the interior decorators and the Postal Service's Interior Design Review Committee.

The interior decorators started interior design work on the Postmaster General's and Board of Governors' areas in mid-1972. According to a Postal Service official, the interior decorators were asked to select specific furnishings on the

basis of the Committee's general design requirements for the areas.

The interior decorators selected and recommended furnishings on the basis of a review of catalogs of competing manufacturers that made quality furnishings which could be supplied within the Postal Service's time limits. The decorators' initial design proposal, which they submitted to the Committee in the summer of 1972, did not contain any alternatives. The Committee rejected the proposal, primarily because the furnishings did not coordinate esthetically with the overall design plan for the areas.

Early in calendar year 1973 the interior decorators submitted another design proposal which the Committee accepted. The Postal Service began contract negotiations for furnishings in May 1973 and planned to complete the move to the West Building by July. Postal Service officials told us that, because the time available (2 months) was not sufficient to develop specifications, review manufacturing samples, or advertise for bids, the Postal Service entered into sole-source contracts with those firms which could meet its deadlines.

TRAVEL EXPENSES

During Postal Service fiscal year 1973 (June 24, 1972, to June 22, 1973) the Postmaster General spent about \$12,900 for 32 trips to 18 cities. (See enc. III.)

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We discussed the information in this report with Postal Service officials, who agreed with the accuracy of the facts presented. We do not plan to distribute this report further unless you agree or public announcement has been made concerning the contents.

Sincerely yours,



/ Deputy Comptroller General
of the United States

Enclosures - 3

FURNISHINGS AND EXPENDITURES FOR THE
POSTMASTER GENERAL'S OFFICE AREA

| <u>Item</u> | <u>Quantity</u> | <u>Unit price</u> | <u>Estimated unit transportation cost</u> | <u>Item total</u> | <u>Expenditure total</u> |
|------------------------------------|-----------------|-------------------|---|-------------------|--------------------------|
| Furniture: | | | | | |
| Sofa | 1 | \$ 821.08 | \$129.00 | \$ 950.08 | |
| Chair | 8 | 242.50 | 6.25 | 1,990.00 | |
| Bookcase | 1 | 549.00 | (a) | 549.00 | |
| End table | 2 | 155.00 | 17.50 | 345.00 | |
| Convertible couch | 1 | 1,043.60 | 100.00 | 1,143.60 | |
| Table | 2 | 115.71 | 12.00 | 255.42 | |
| Conference table | 1 | 1,285.92 | 156.00 | 1,441.92 | |
| Telephone table | 1 | 178.50 | 16.00 | 194.50 | |
| Chair | 7 | 778.40 | 46.88 | 5,748.96 | |
| Sofa | 2 | 984.00 | 94.00 | 2,156.00 | |
| Table | 2 | 489.00 | 48.90 | 1,075.80 | |
| Table | 1 | 140.00 | 14.00 | 154.00 | |
| Receptionist's desk | 1 | 1,431.00 | 145.00 | 1,576.00 | |
| Chair | 1 | 138.69 | 16.50 | 155.19 | |
| Secretary's desk | 1 | 910.50 | 104.00 | 1,014.50 | |
| Chair | 2 | 138.00 | 16.50 | 309.00 | |
| Chair | 2 | 127.00 | 16.50 | 287.00 | \$19,345.97 |
| Lavatory fixtures (note b): | | | | | |
| Marble countertop and basin | 1 | 800.00 | - | 800.00 | |
| Water closet | 1 | 340.00 | - | 340.00 | |
| Basin | 1 | 180.00 | - | 180.00 | |
| Water closet | 1 | 180.00 | - | 180.00 | |
| Installation | - | - | - | 1,062.00 | 2,562.00 |
| Carpeting: | | | | | |
| 202 sq. yds. (note c) | | 26.84 | - | 5,421.68 | |
| Installation of 167 sq. yds. | | 4.22 | - | 704.74 | |
| 273.6 sq. yds. (note d) | | 16.60 | - | 4,541.76 | |
| Installation of 273.6 sq. yds. | | 3.65 | - | 998.64 | 11,666.82 |
| Draperies (note e): | | | | | |
| 184.6 sq. yds. | | 32.50 | - | | 5,999.50 |
| Walnut doors: | | | | | |
| With postal seal | 2 | 950.00 | 30.28 | 1,960.56 | |
| Without postal seal | 2 | 825.00 | 30.28 | 1,710.56 | 3,671.12 |
| Pantry (note f) | | | | | |
| | - | - | - | - | 5,280.00 |
| | | | | | <u>\$48,525.41</u> |

^aNone. Item purchased locally.

^bContractor's estimate of costs. Items had not been purchased or installed at the time of our review.

^cAbout 167 sq. yds. will be installed. The difference--about 35 sq. yds.--is extra carpeting for waste and for future needs, such as repairs.

^dThe approximate area of the rooms to be covered. Does not include extra carpeting for waste. Postal officials were unable to estimate the extra carpeting ordered for waste.

^eDraperies for the West Building were purchased as a total package. Contractor's estimate for the draperies for the Postmaster General's office area includes fabric, fabrication, hardware, and installation.

^fIncludes all appliances and fabricating, delivering, setting, and erecting the entire pantry.

FURNISHINGS AND EXPENDITURES FOR THE POSTAL SERVICEOFFICIAL RECEPTION, PRESS CONFERENCE AND THEBOARD OF GOVERNORS' AREAS

| <u>Item</u> | <u>Quantity</u> | <u>Unit price</u> | <u>Estimated unit transportation cost</u> | <u>Total</u> | <u>Expenditure Total</u> |
|---------------------------------------|-----------------|-------------------|---|--------------|--------------------------|
| Furniture: | | | | | |
| Dining table | 13 | 525.00 | 52.50 | 7,507.50 | |
| Dining chairs | 52 | 212.40 | (a) | 11,044.80 | |
| Drum table | 1 | 1,685.00 | 150.00 | 1,835.00 | |
| Settee | 4 | 749.43 | 74.94 | 3,297.48 | |
| Lounge chair | 6 | 480.00 | 55.00 | 3,210.00 | |
| Occasional chair | 8 | 305.90 | 37.62 | 2,748.16 | |
| Sofa | 2 | 1,528.40 | 146.50 | 3,349.80 | |
| Table, glass top | 3 | 192.50 | 22.00 | 643.50 | |
| Table, marble top | 4 | 167.00 | 65.00 | 928.00 | |
| Sideboard | 2 | 1,895.00 | 225.00 | 4,240.00 | |
| Conference chair | 20 | 438.30 | 43.83 | 9,642.60 | |
| Conference table | 8 | 1,325.00 | 132.50 | 11,660.00 | |
| Credenza | 2 | 1,177.00 | 145.00 | 2,644.00 | |
| Chandelier | 1 | 3,718.80 | (a) | 3,718.80 | |
| | | | | | \$66,469.64 |
| Carpeting: | | | | | |
| 567 sq. yds. | | | | | |
| (note b) | | 17.66 | - | 10,013.22 | |
| Installation 567 sq. yds. | | 3.65 | - | 2,069.55 | |
| | | | | | 12,082.77 |
| Draperies (note c): | | | | | |
| 249 sq. yds. | | 14.90 | - | 3,710.10 | |
| 74 sq. yds. | | 13.60 | - | 1,006.40 | |
| | | | | | 4,716.50 |
| Kitchen (note d): | | | | | |
| | | | | | 44,909.00 |
| Kitchen design consultant fees | | | | | |
| | | | | | 2,407.79 |
| | | | | | <u>\$130,585.70</u> |

^aNone. Items purchased locally.

^bThe approximate area of the rooms to be covered. Does not include extra carpeting for waste.

^cDraperies for the West Building were purchased as a total package. Contractor's estimate for the draperies for this area includes fabric, fabrication, hardware, and installation.

^dIncludes all appliances and fabricating, delivering, setting, and erecting the entire kitchen.